An answer to a paper entituled, Reasons

against reducing interest to four per cent.

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Table of contents

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HAD the Author of that Paper read *the Letter to a Friend against Usurie,* he might have observed his own Reasons much better urged, and as well answered by Sir *Tho. Culpeper* Seventy Years since, being the time when Interest was reduced from Ten to Eight, which might have prevented both our Repetitions.

But, since he either did not read the Letter, or was not satisfied with the Answers, it will not be a greater mispence of time to answer the Reasons, than it was again to write them.

His first Reason against Reducing Interest from Six to Four is, *That it will obstruct and hinder Trade;* for many Traders borrow Money at Interest to carry on their Trade; and he supposes that no Man will lend Money to Tradesmen upon personal Security, but that all Men will keep their Moneys by them for a better Advantage.

But the Reason why any Man should keep his Money, and expect a better Advantage, when the Law has reduced Interest to 4 *per Cent.* more than now it is at 6 *per Cent.* he doth not give.

For why should any Man lock up his Money, rather than take 4 *per Cent.* It is no contemptible Interest. It is more than Land produceth? And what greater Advantage can any Man then expect, unless it be to lay it out upon Trade? If so, it will rather promote Trade, than obstruct or hinder it; and therefore it is used by Sir *Tho. Culpeper,* and others that have wrote on that Subject, for an Argument for the Lowering of Interest, because it will promote and increase Trade: As it is evident in those Countries, *viz.* in

Holland and *Italy,* where Money is at 3 *per Cent.* Trade flourishes, but in *Spain,* and other places where the Interest of Money is at 10 and 12 *per Cent.* the People are poor, and have but little Trade.

His second Argument is, *That the reducing of Interest to* 4 per Cent. *will sink the real Value of the Principle one Third;* So that every Man whose Estate is in Money, would, by such a Law, loose a Third part of it, which he believes to be as great a Hardship, as to take away a Third part of every Man's Land of Inheritance: But this is a great Mistake; for the Lowering of the Interest a Third, will not lessen the Value of the Principal; for a 100 *l.* will buy as much Goods (and of some sort more) after such a Law is made, as it will now; It will buy as much *Corn, Wool, Cloth,* and all things else, except Land: It is true, a 100 *l.* will not buy so much Land by one Third, as it did before; for 5 *l.* a Year in Land of Inheritance being now worth 100 *l.* will then be worth 150 *l.* and there is the greatest Reason and Justice that it should be so; for then the Exchange will be even betwixt Land, Money, or Goods; for why should any Man give 6 *per Cent.* for Money or Goods, when the Land will bring in but Four? Why should a Gentleman pay 2 *per Cent.* more for all the Goods he buyes of the Merchant, to wit, for *Cloth, Silks, Linnen, &c.* more than the Merchant gives for his *Wool* and *Corn;* for the Money that Gentlemen pay Interest for, is laid out to pay for Goods they use; so that Money is but the Rent of wrought Stock, as *Corn* and *Wool* is the Rent of the Land. And it is much to be wondered at, that since the Nobility and Gentery, having the greatest share in the Legislative-Power, should not have given themselves the leisure, before this time, to have reflected upon this great Odds in the Exchange, and have made a Law to regulate the Balance. It would have prevented many large Farms and noble Mannors to have been devoured by *Taylors, Mercers,* and other Traders.

His third Argument is, *That if Interest be reduced, it will be a Prejudice to Widowes, Orphans, and others, whose whole Estates are in Money;* for that the Interest of their Portion or Moneys will not be sufficient to maintain them; those that have Threescore Pounds a Year for a Thousand Pounds, will then have but Forty: This is the only Objection of moment that ever I have heard of against this Law; yet if it be consider'd, it hath not that Force nor Pitty in it as it seems at first sight to have; first they are few in number in respect of the whole Nation; next, as to the Orphans, their Portions in Money will be of the same Esteem, and of the same Value to buy every thing, except Lands, and they were never given them with that intent; for then their Parents might as well have given them Lands: So that it is only the Income of the Portions that is lessened, and that is but for a short time, till the young Men set up their Trades, or till the Maidens or Widowes marry; and if in the interim they spend Ten Pounds a Year less, the first may

perhaps make better Tradesmen or Merchants, and the latter make better Wives; Thrift and good Housewifery will do neither of them harm.

But this will not be the Case neither, for the Lowering of Interest does chiefly fall upon Foreign Stock or Wares, and the Merchant may afford to sell his Goods Two *per Cent.* cheaper, and will get as much by them as he did when Money was at Six *per Cent.* and Three parts in Four of every Gentleman's Expence is in Foreign Wares, either in *Wine, Spices, Silks, Linnen,* and other Manufactures; in such Goods there will be Two *per Cent.* saved in the Price; so that they may then maintain themselves almost as well with Forty Pounds a Year, as they do now with Threescore.

Fourthly, *If Interest be reduced to Four* per Cent. *a greater part of the Inheritance of Gentlemens Estates that have Daughters, will be lessen'd and more incumbred;* Because, he supposing the the Value of the Principal Money being sunk, they must give greater Portions: But this is grounded upon a Mistake which is before answered; for a Thousand Pounds will be as much valued by a Trader as it is now, and every Gentleman will be better able to provide Portions for his younger Children, because his Land will yield a Third part more in value; so that the Gentleman's Estate in Lands of Inheritance will be less incumbred than before.

Fifthly, *If Interest be reduced to Four* per Cent. *it will make Money scarce, as he believes, and be only advantageous to Scriveners, who will have more for Procuration and Continuation.* If this should happen, though there is no reason for it, yet the Borrower may afford to give more to the Scrivener; when he pays less to the Userer. But why any Man should believe Money should be scarce, when such a Law doth not lessen the Money, though it does the Interest. But the contrary is most true, the Lowering of Interest will make Money more plentiful; for a low Interest increaseth Trade, and Trade increaseth Money; for Bullion is a Foreign Commodity, and brought in by Trade.

The last Argument is, *That the Lowering of Interest will not raise the Rent of the Land; and although, as he confesseth, it will raise the Value of Land in Sale, yet the Value of Money being thereby lessened, as he conceives, there will be a necessity of greater Portions for younger Children; so that the Gentry will have no advantage by such a Law.* This is a greater Mistake than all the rest; for the Rent of the Land will be raised as well as the Price; for the Interest of the Stock must be reckoned to make up the Rent of the Land. So that the takeing of Two *per Cent.* from the Stock, being added to the Rent of the Land, so much is the Rent of the Land raised. A Farm that is now worth Fifty Pounds *per Annum,* and requires Three Hundred Pounds

Stock, will be worth Fifty Six Pounds *per Annum,* when Interest is reduced to Four *per Cent.* there being Six Pounds a Year taken from the Stock and added to the Rent.

To conclude, No Law can be of greater Advantage to the Nation, than the Law that will reduce Interest from Six to Four *per Cent.* It will produce the most general Good with the least private Disadvantage; and it being so early proposed this Session in the Honorable the House of Commons, and so often taken notice of in the Printed Votes, it was believed by most without Doors, that it was designed by the Wisdom of this present Parliament, as a Law to make some recompence for those great Taxes and heavy Impositions which the necessity of the publick Affairs require them to lay on the People. And since the Advantages of this Law hath been all over the Nation generally debated, there seems no Law, by the general Suffrage of the People, that will be more welcome, or that can make them a more general Satisfaction for such great Taxes.

FINIS.

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